

# Memorandum

To: Panel Members Date: August 22, 2002

From: Charles Rufo, Manager  
Peter DeMauro, General Counsel Analyst: S. Joyce

Subject: One-Step Agreement for **Aero Union Corporation**  
www.aerounion.com

## **CONTRACTOR:**

- Training Project Profile: Retraining: Companies with Out-of-State Competition  
Training in High Unemployment Area of California
- Legislative Priorities: Promotion of California's Manufacturing Workforce  
Moving to a High Performance Workplace
- Type of Industry: Manufacturing
- Repeat Contractor: No
- Contractor's Full Time Employees:
  - Company Wide: 210
  - In California: 208
- Fringe Benefits: Yes
- Union Representation: No
- Name and Local Number of Union  
representing workers to be Trained: N/A

## **CONTRACT:**

- Program Costs: \$51,760
- Substantial Contribution: \$0
- Total ETP Funding: \$51,760
- In-Kind Contribution: \$103,058
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Butte
- Duration of Agreement: 24 months

**SUBCONTRACTORS:**

Computer Learning Center, Chico, California, approximately \$6,600 for Computer Skills training.

Continental Training Center, Citrus Heights, California, \$17,600 for Advanced Technology Skills training.

Odyssey Performance Enhancement Network, Chico, California, \$7,000, for Teambuilding and Communication Skills training.

**NARRATIVE:**

The California Manufacturing Technology Association (CMTA) referred this project to the Panel.

Aero Union Corporation (Aero Union) qualifies for ETP funding under Title 22 CCR Section 4416(a)(1,2) by manufacturing custom aerial firefighting equipment and customized power driven payload units for Boeing 747 aircraft (cargo jets) for planes sold worldwide.

Aero Union began in 1961 as an aerial firefighting contractor for the U. S. Forest Service (USFS). The company has expanded and today it answers the needs of fire fighters by providing fire-fighting aircraft, with crews and fire fighting equipment for other aircraft.

Competition in the air tanker business is significant. The USFS contracts with private companies to support their fire-fighting efforts. Hawkins and Powers Company, located in Wyoming, and Neptune Inc., in Montana supply fifteen of the 44 aircraft leased by the USFS. Aero Union maintains thirteen aircraft that are leased by USFS. In order to maintain or increase its current market share in this industry, upgraded skills training is essential for Aero Union.

Aero Union is divided into three distinct divisions that are all located at Chico Municipal Airport in Butte County.

The Air Tanker Operation division supports the aerial fire-fighting program for the U.S. Forest Service (USFS) by maintaining its fleet of 13 air tankers and contracting with the USFS to provide aerial fire-fighting services. This division includes aircraft pilots, mechanics, managers and administrative personnel.

The Airborne Systems Development Group (ASDG) designs and manufactures fire-fighting systems for a variety of aircraft. Personnel include engineers, planners, welders, electricians, sheet metal workers, managers, and administrative staff.

The Aircraft Payload Systems (APS) division manufactures cargo-handling equipment for Boeing 747 cargo aircraft. The APS team consists of engineers, drafters, planners, assemblers, machinists, managers and administrative personnel.

Aero Union is embarking on a substantial improvement initiative that will affect every facet of the company. The results will not only be financial, but will also allow frontline workers to problem solve and make decisions more effectively.

**Advanced Technology Training:** With technology as a cornerstone to improvement, it is critical that the company's systems and computer network are robust and up-to-date. The proposed Advanced Technology training will allow staff to upgrade their knowledge in this constantly evolving field.

**NARRATIVE:** (continued)

**Continuous Improvement:** This training is the foundation of the company's improvement plan. Aero Union's past technology did not allow employees access to all departments electronically. This is particularly evident on the production floor where problem solving was an arduous task involving manuals and schematics. Newly purchased computer software (Business Operating Systems) has made it possible to link all divisions together and put all operating manuals on-line. Computers are now located in production areas as well as in offices. Continuous Improvement training will allow all employees to communicate electronically as well as in meeting rooms to solve problems and reach consensus on work related decisions.

**Business and Computer Skills Training:** Currently the administrative staff's skill set is not consistent throughout the company. These training topics will ensure that all administrative staff acquires upgraded, uniform business skills and competencies required in the business environment.

**Management Skills Training:** In the past few years Aero Union experienced a substantial reorganization. Current managers and supervisors, who have been with Aero Union for many years, possess very little administrative experience. Twenty managers will be provided Management Skills training to develop professionally and meet the needs of the organizational Strategic Plan.

**Supplemental Nature of Training**

Currently and historically, training has been limited. It includes Occupational Safety and Health Administration mandated safety training, new hire orientation, basic job skills (primarily in the form of on-the-job training) and a few one-time seminars for management and administrative staff.

Aero Union Corporation identified a need for a formalized and structured training plan as a means of moving to a high performance workplace. The company has developed a menu curriculum including Business Skills, Computer Skills, Continuous Improvement, Management Skills, and Advanced Technology training that will be provided to Information Technology staff, managers/supervisors and administrative personnel. Trainees will be provided customized training from the menu curriculum, based on their training needs assessment and individual job function.

**In-Kind Contribution**

Aero Union Corporation is paying wages and health benefits of \$103,058 to trainees while they are in training.

**COMMENTS:**

Most participants in the project meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee) except for the twenty managers participating in the project. The 40 percent maximum for managers specified in the regulations does not apply to High Performance Workplace projects.

**Request for Advanced Technology Training Fixed-Fee Cost Reimbursement Rate**

ETP policy allows a fixed fee reimbursement rate of \$20.00 per hour for Advanced Technology (AT) skills training which requires a trainer to trainee ratio of 1:10 (or less) and is customized to occupations which involve the production or use of the most sophisticated equipment and software. Aero Union Corporation is requesting funding under the Advanced Technology Fixed-Fee cost reimbursement rate for four Information Technology (IT) programmers (Job 1) to receive 192 class/lab training hours in advanced Microsoft Windows 2000 administration as it relates to their industry.

**COMMENTS:** (continued)

Aero Union Corporation is upgrading its computer system to Windows 2000 and must have skilled IT personnel manage to the system. Trained personnel will ensure that the organization can communicate with external customers effectively and allow employees access to the information needed to perform their respective jobs. The cost of the proposed Advanced Technology training is approximately \$23 per hour, which exceeds the AT fixed fee.

**PROPOSED ACTION:**

Staff recommends that the Panel find Aero Union Corporation's application reasonable and approve this One-Step Agreement and advanced technology fixed fee request if funding is available and the project meets Panel's priorities. Officials of Aero Union Corporation state that the training outlined in this proposal will provide employees with the occupational skills needed to enable improvements in communication, productivity, and efficiency while moving the facility toward a high performance work environment.

**TRAINING PLAN:**

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
Jobs Numbers  1 – 3 Retrainees	Advanced Technology  Continuous Improvement  Management Skills  Computer Skills  Business Skills	54	50-192	0	0	\$650 - \$3,840	\$11.50 - \$30.00
					<b><u>Range of Hourly Wages</u></b>		
					\$11.50-\$30.00		
					<b><u>Prevalent Hourly Wage</u></b>		
					\$16.00		
					<b><u>Average Cost per Trainee</u></b>		
					\$959		
<b><u>Health Benefit used to meet ETP minimum wage:</u></b>					<b><u>Turnover Rate</u></b>	<b><u>% of Mgrs &amp; Supervisors to be trained:</u></b>	
N/A					12%	37%	

## **Aero Union Corporation Menu Curriculum**

Class/Lab Hours  
50-192

### ADVANCED TECHNOLOGY      **(Job Number 1 trainees only)**

#### Microsoft Windows 2000 Administration Certification

- Implementing Windows 2000 for the Professional
- Implementing Windows 2000 Server
- Implementing a Windows 2000 Network Infrastructure
- Implementing and Administering Windows 2000 Directory Services
- Designing a Windows 2000 Directory Services Infrastructure

#### Nature of the training:

This is a comprehensive certification program for the Information Technology Department. Aero Union is upgrading its computer systems to Microsoft Windows 2000. Training will enable the I.T. Department to set up and manage this new information systems platform and help to ensure Microsoft compliance.

### **Trainees may take any of the following:**

#### MANAGEMENT SKILLS      **(Job Number 2 trainees only)**

- Role Concept
- Delegation
- Interpersonal Effectiveness
- Leadership
- Decision Making
- Performance Evaluations
- Time Management

#### CONTINUOUS IMPROVEMENT

- Teambuilding
- Problem Solving
- Process Improvement
- International Standards of Operation 9002

#### COMPUTER SKILLS

- Excel spreadsheet
- Word
- Microsoft Outlook

#### BUSINESS SKILLS

- Time Management
- Communication Skills